

# **Kentucky Agricultural Development Board**

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## ***Minutes of the April 15, 2005 Board Meeting***

The regular meeting of the Kentucky Agricultural Development Board was held on ***Friday, April 15, 2005*** at **10:00 A.M.**, at the Franklin County Cooperative Extension Office. Deputy Commissioner Mark Farrow, presiding, called the meeting to order, and the Secretary called the roll.

### **Members Present**

Donna Amburgey; H. H. Barlow; Daniel Case; John Cleaver; Rodney Dick; Dennis Griffin; Wayne Hunt; Sam Lawson; Dean M. Scott Smith (Dr. Jimmy Henning, designee); Secretary Gene Strong (Don Goodin, designee)

### **Members Absent**

Vickie Yates Brown; Governor Ernie Fletcher; Jim Mahan; Sam Moore

### **Others Present**

**Staff** - Catherine Ball; Angela Blank; David Bratcher; Brian Furnish; Tim Hughes; Kara Keeton; Maggie May; Bill McCloskey; Lucinda Pease; Nicole Ray; Keith Rogers; Nick Whobrey; Stephen Yates  
**Guests** – Lowell Atchley, Legislative Research Commission (LRC); Elizabeth Smith, Kentucky Department of Agriculture (KDA); Rick Alexander, Commodity Growers Cooperative (CGC); Biff Baker, LRC; Shana Herron, Community Farm Alliance, (CFA); Danny McKinney, Burley Tobacco Cooperative; Donald Van Erden, The Van Erden Group; Sharon Burton, Farmer's Pride; Steve Miller, Buffalo Trace ADD

### **Notification of Media**

Deputy Commissioner Mark Farrow received verification from Keith L. Rogers, Executive Director, that the media had received notice regarding the Agricultural Development Board meeting.

### **Welcome**

Deputy Commissioner Farrow welcomed the Board to the April meeting.

### **Approval of Minutes**

Sam Lawson moved to approve the minutes of the March 18, 2005 meeting. Dennis Griffin seconded the motion. The motion passed without dissent.

### ***Presentation by Rick Raque***

Brian Furnish introduced Rick Raque of Ron Raque Distributing Company and yielded the floor to him.

Rick Raque made a presentation on the development of a Kentucky Proud marketing and distribution network. (Presentation on File with Board Secretary)

Mr. Raque introduced his partner Scott Norman and his wife Suzanne Raque.

Mr. Furnish noted that the Board might have a question about the slotting fee. Mr. Furnish explained that Mr. Raque has been able to waive some of the slotting fees through his project.

Mr. Hunt asked if the slotting fee was paid one time or every month. Mr. Raque explained that it is a one time fee.

Mr. Barlow asked if that meant the producer never had to pay the slotting fee again. Mr. Raque explained that the fee is good for however long the producer wants to leave the product on the shelf.

Mr. Raque then explained how he would be using "KentuckyVirtual.com" as a development and learning tool for the producer. Mr. Raque explained that there are people who come and want Raque's Distributing to do their work for them, including taking their products to Wal-Mart, etc, but then the producers do not realize what they have gotten themselves into. KentuckyVirtual.com is something they can look at to understand if they are serious and they have the right structure. If they have all the components then Raque Distributing will be happy to sit down with them for a face to face meeting.

Mr. Lawson explained that this is an education reality check. Producers can go through the steps to see if this is the right way to go with their products.

Angela Caporelli, of the Kentucky Department of Agriculture (KDA), asked if the slotting fee was per store. Mr. Raque explained that it is per chain or warehouse.

Mr. Raque continued his presentation.

Dr. Jimmy Henning asked if Mr. Raque could explain sampling. Mr. Raque explained that sampling is when you are in the store with a plate trying to get the consumer to try your product.

Mr. Raque explained that he would like to have a one dollar trial pack for Kentucky proud products. He wanted consumers to be able to taste Kentucky products, but not feel like they have to put a lot of money into it in case they did not like the product.

Mr. Raque noted that one of the biggest problems Kentucky producers face is cost. We need a way to drive down the costs.

Mr. Furnish explained that the Board does not have a proposal from Raque Distributing; staff just wanted to show the Board the concept.

Mr. Lawson asked if the concept is to have the producer use KentuckyVirtual.com and then if the producer can complete the whole process, then Raque Distributing Company becomes the business consultant to them. Mr. Raque answered yes.

Mr. Hunt believes that Raque Distributing Company is the missing link.

Mr. Furnish feels this process would help weed out some of the projects that would not work out.

Mr. Rogers noted that staff is talking about Agricultural Development Funds being used to get the project going.

Mr. Raque explained the program presented would be self efficient in three years. Raque Distribution Company has built a model with our producers.

Mr. Hunt asked if Mr. Raque envisions this project becoming an Employee Stock Ownership Plan (ESOP).

Mr. Raque answered yes; it has to be mutually beneficial to several people. We want to build a company that producers and distributors can own.

Mr. Cleaver asked what Mr. Raque could do to help Jimmy Baird with having the bigger companies coming in to Kentucky. Mr. Furnish replied word of mouth.

Mr. Furnish explained that Mike Judge, Executive Director of Agriculture Marketing and Product Promotion with KDA, was present and brought a list with at least forty companies in Kentucky on it that this proposed project could work with.

Mr. Rogers wanted to be clear that he heard the Board saying they want staff to follow up on this. The Board responded yes.

Mr. Raque asked if the Board wanted the whole vision, and if so then he could get it to them quickly.

Mr. Rogers explained that staff worked with the Kentucky Department of Agriculture on this so that it could be something the Board is comfortable working with.

Mr. Furnish explained that facilities are not needed, but man power and money to keep everything running is needed.

Mr. Raque explained that his company is ready to submit an application for funding with guidance from Mr. Rogers and Mr. Furnish.

Mr. Cleaver asked if Raque Distributing would help any business that the Agricultural Development Board has financed. Mr. Raque responded that Raque Distributing would help any Kentucky citizen that wants to start a business. Mr. Rogers explained that the entity does not have to be financed by the Board.

Mr. Cleaver clarified if Mr. Raque had said that if the ADB, funds Raque Distributing then they will be self-sustaining in three years. Mr. Raque responded yes that is correct.

Ms. Amburgey asked if Raque Distributing would put priorities on farmers since the ADB would be the ones to fund Raque Distributing Company.

Mr. Lawson stated that besides just marketing, Mr. Raque will become a consultant. Mr. Raque affirmed that he will become a consultant which is also his favorite part of the job.

Mr. Furnish explained that staff is working on trying to get the forgiveness through tobacco growing farmers.

Mr. Rogers asked if there were any more questions and thanked Mr. Raque for coming.

***Presentation by Danny McKinney***

Rogers yielded the floor to Danny McKinney to give a presentation on the future plans of the Burley Tobacco Growers Cooperative (BTGC).

Mr. McKinney explained the history of BTGC and provided a link to their website [http:// www.burleytobacco.com](http://www.burleytobacco.com), where updated information can be found. Mr. McKinney explained the future plans of BTGC, including infrastructure and production.

Mr. McKinney asked if there were any questions from the Board.

Mr. Cleaver asked if there is language in the bylaws addressing the cooperatives existence in the event of a buyout. Mr. McKinney answered that it was not in the bylaws; the coop was originally made to get the farmers together.

Mr. Cleaver asked if the Burley Tobacco Cooperative plans to stay in business. Mr. McKinney replied yes.

Mr. Cleaver asked if they are looking at reopening the receiving station for the Cooperative in Cynthiana. Mr. McKinney stated that the Cynthiana station is closed.

Mr. Cleaver then asked why the Cooperative would close the receiving station if they are trying to help farmers. Mr. McKinney explained that people were not coming to that station, and BTGC saw the need close it, because of the buyout.

Mr. Barlow asked what the value of the tobacco pounds the Cooperative has is. Mr. McKinney replied between \$2.25 and \$2.50. Mr. Barlow then pointed out that BTGC had \$120 million dollars worth of tobacco.

Mr. Case asked why the Cooperative would want to build more barns, if Kentucky has barns that are empty. Mr. McKinney responded that Kentucky has 30% more barns than needed, but they are not in the right place.

Mr. McKinney explained that there is a lot to look at in the plan besides barns, such as irrigation. We need to make the infrastructure stronger.

Mr. Barlow asked if Mr. McKinney could explain the difference between the Burley Tobacco Growers Cooperative and the Council for Burley Tobacco.

Mr. McKinney explained that funding for the Council for Burley Tobacco comes from fees from the farmers.

Mr. Barlow explained that the Council does not have a pot of money like the Burley Tobacco Growers Cooperative does.

Mr. Dick asked if the tobacco infrastructure would be a grant from the Burley Tobacco Growers Cooperative. Mr. McKinney answered that he believes that it would be a grant; it hinges around me, as a farmer, going to the Rural Development Council and getting them to put some funds into it.

Mr. Cleaver asked how BTGC is going to stay in business, if the members were elected by the quota owners.

Mr. McKinney explained that the legal counsel for the BTGC said that the Cooperative needs to keep the list of who are already members. We get our list from Farm Service Agency (FSA). We have sent out 190,000 cards to people who have anything to do with tobacco and the Cooperative has gotten 38,000 back.

Mr. Cleaver believes that from the amount of cards that came back the Cooperative is out of touch with producers. Mr. McKinney responded that the Cooperative has sent out over 800,000 mailers and has a spot in The Farmer's Pride every three or four weeks.

Mr. Lawson asked how many different states the coop has members in. Mr. McKinney responded five, and that the Cooperative has had 5,800 radio spots. Clear Channel Radio has also been at every Burley Tobacco Growers Cooperative meeting.

Mr. Griffin asked about the annual operating budget of the Cooperative. Mr. McKinney answered the salary of staff and the director is \$600,000.

Ms. Amburgey asked if the trips that the BTGC makes to China were included in that amount.

Mr. McKinney responded no those funds are from the crop year.

Mr. Lawson stated that BTGC seems to be looking at diversification and the needs of tobacco, but the problem he sees is how to decide who has the right to the money.

Mr. Case asked how the Board of Directors is elected. Mr. McKinney responded they are elected every three years. We will advertise at least twice and send out flyers. Then people will be nominated.

Mr. Hunt asked where Mr. McKinney sees the tobacco industry going and if he has a vision for the tobacco poundage.

Mr. McKinney explained that this year there will be a 30% decline in Kentucky, but 5,000 new acres in Pennsylvania.

Mr. Barlow asked if the demand for burley tobacco has deteriorated. Mr. McKinney explained that there is a decrease in consumption, coupled with imports. World wide there is still a demand.

Mr. Barlow asked where burley tobacco is being grown. Mr. McKinney answered Mexico and Brazil grow it. Mozambique and Italy are starting to grow it. China grows some tobacco but they do not grow very much burley. Five years from now, China might be buying anywhere from 2 million to 200 million pounds.

Mr. Cleaver asked at what kind of price would there be for the Chinese market. Mr. McKinney answered in the range of \$1.50.

Mr. Barlow asked about the Indian market. Mr. McKinney responded that they do not have the smokers that China does.

Mr. Hunt believes that if the BTGC is going to stay in business then they have to look at how to sustain tobacco.

## **Executive Director's Report**

Deputy Director Farrow yielded the floor to Mr. Rogers for the Executive Director's Report.

Mr. Rogers noted that the latest issue of "Commonwealth Grows" had been passed out to the Board.

Mr. Rogers stated that Sam Moore and Jim Mahan are at the Farm Bureau Insurance Board meeting, and they send their regrets.

Mr. Rogers explained that a tobacco model program has been discussed, and there is an application in the referral packets. Mr. Rogers noted that this issue is pro and con in the general assembly.

Mr. Griffin commented that before the Board starts this model program the Oversight Committee needs to make the policy change, because he believes there will be conflict with House Bill 611.

Mr. Rogers explained that staff does not believe that House Bill 611 is in conflict. Mr. Rogers explained that opposition is coming from legislators on tobacco infrastructure.

Mr. Cleaver stated that, in looking ahead and talking about our funds going past 2006, our lobbying should focus on continuing to have state funds.

Mr. Rogers noted that in the update folder is a letter from the Council on Burley Tobacco for a tobacco model program.

Mr. Rogers noted that he was pleased with Rick Raque's presentation.

Mr. Rogers explained that in October the Board moved to bring forth ideas on what to do with the Entrepreneurship Program. The Entrepreneurship Committee will meet once or twice and hopefully by June there will be something to present to the Board.

Mr. Rogers announced that Dr. Jimmy Henning, Assistant Director for Agriculture and Natural Resources, will be sitting in the ADB meetings for the next year, as designee for Dean Scott Smith.

Mr. Rogers noted that there was a letter from Perry County, in the update folder, about a model heifer replacement program for consideration next month.

Mr. Rogers explained the email from Mark Warren of Cobank, also located in the update folder, providing an update on the study with the vegetable cooperatives. They have provided a phase 1 report and it laid out five options for structure of the vegetable cooperatives in Kentucky. At the May Board meeting staff will try to provide information on the first phase of this study.

Mr. Rogers explained that the Oversight Committee met the Tuesday of last week with Mr. Griffin and Mr. Barlow attending. Mr. Barlow addressed the Committee about the dairy proposal.

Mr. Barlow explained that the Oversight Committee was very supportive of what the ADB was considering.

Mr. Griffin felt everything went smoothly.

Mr. Rogers explained that the Committee met generally supportive, but there were questions about the Robertson County project. They were supportive of the dairy council proposal, but they had some issues on the agri-tourism projects that were approved. Mr. Rogers also updated the Oversight Committee on Purchase Area Aquaculture Cooperative.

Mr. Rogers yielded the floor to Tim Hughes to give an update on the Kentucky Agricultural Finance Cooperation (KAFC). Mr. Hughes updated the Board on four potential loan programs that were discussed at the April 1, 2005 KAFC Board meeting. Programs being considered include the Agricultural Infrastructure Loan Program (AILP). The Producer Accelerated Payment Program (PAPP), a Breeding Stock Loan Program (BSLP), and a Value Added Working Capital Program (VAWC).

Mr. Lawson asked in regards to the AILP, if the 2% interest rate would be passed on to the borrower by the local lender. Mr. Hughes responded that the lender could charge a nominal servicing fee, but that the discounted rate must be passed along to the borrower.

Mr. Barlow asked if the final rate of the loan is on the whole \$100,000. Mr. Rogers responded that the KAFC rate would be on the KAFC portion of the loan and that the lender would set the rate on their portion of the loan.

Mr. Lawson explained he hopes that KAFC does not go down the road where they are doing direct loans.

Mr. Rogers explained that lenders have been reluctant to offer the KAFC program. With relatively low interest rates, there has been little incentive for the lender to participate with KAFC. We must be willing to make direct loans if there is no participating lender.

Mr. Lawson noted that he disagreed with that concept.

Mr. Rogers explained that the farmers have told staff that they want a fixed rate. KAFC is here to help farmers with a low interest rate.

Mr. Rogers stressed the importance of getting KAFC funds in the hands of borrowers.

Mr. Lawson again stated his opposition to direct loans.

Mr. Griffin asked Mr. Case, as the banker representative, to give his opinion.

Mr. Case explained that he thought it was a good start.

Mr. Hunt reminded that several of the KAFC Board members are lenders.

Mr. Lawson explained that he could see it heading to KAFC doing the loans.

Mr. Goodin asked what kind of security KAFC would have. Mr. Hughes replied that KAFC would subordinate its position to the participating lender.

Mr. Dick asked if the loan could be used for real estate. Mr. Rogers responded that it could be used for infrastructure no, not real estate. (Memo on file with Board Secretary)

Mr. Rogers explained that in regards to PAPP, one of the intentions is to have the cooperative grow and will increase profit. The guarantee would be accounts receivable.

Mr. Cleaver asked in regards to AILP, if the guidelines will be for small producers or large producers. Mr. Rogers answered big or small it does not matter. What matters is tobacco dependency.

Mr. Cleaver asked how the word will get out about this program if it is approved. Mr. Hughes responded that it would be presented to the Farm Service Agency (FSA) around the state and there are 150 banks that have been worked with in the process.

Mr. Cleaver asked on \$100,000 what would the savings be. Mr. Hughes responded that we would be saving about \$20,000.

Mr. Rogers noted that what is physically attached would be infrastructure, but anything portable would not be.

Mr. Rogers explains that this really focuses on Hogs and Poultry. Mr. Hughes and Mr. Rogers met with SWIFT, Incorporated and Farm Credit Services about possible expansion in the state's swine industry. The dairy industry has a lot of enthusiasm as a result of Mr. Barlow's efforts. Hopefully KAFC can assist all of these producers.

Mr. Rogers provided an update on Phase II .Mr. Rogers noted that the letter from the Governor that was distributed is on the front page of "Commonwealth Grows." Mr. Rogers explained that there is an assignment issue and that staff is trying to work out the legalities of this. The Governor has told our office and the Finance Cabinet to do this as fast as possible. Mr. Rogers added that the other issue is what Danny McKinney talked about that the ten million dollars from the BTGC that is to be added to the 114 million dollar phase II payment and be tax exempt.

Mr. Cleaver asked if the extra ten million dollars would be issued separately. Mr. Rogers explained that it would be issued with the 114 million dollar payment.

Mr. Rogers announced that the Phase II court hearing will be May 16, 2005.

Mr. Rogers announced that Allison Shepherd, manager of the Kentucky Produce Aquaculture Alliance, resigned.

Mr. Rogers noted that on Friday, May 20 the next Board meeting will be held at the Franklin County Extension Office. For the June meeting staff is looking at meeting in North Eastern Kentucky.



## Referral of May Projects<sup>1</sup>

Mr. Rogers presented projects A2005-0100 through A2005-0141 for referral to the Board. Mr. Case moved that projects A2005-0100 through A2005-0141 be referred to the Board. Mr. Griffin seconded the motion. The motion passed without dissent.

## Approval of Model Programs<sup>2</sup>

Deputy Commissioner Farrow submitted projects A2005-0111, A2005-0113, A2005-0124, and A2005-0127 as projects meeting the model **Agricultural Diversification Program** guidelines.

Deputy Commissioner Farrow submitted projects A2005-0133, A2005-0099, A2005-0096, A2005-0129, and A2005-0135 as projects meeting the model **Cattle Genetic Improvement Program** guidelines.

Deputy Commissioner Farrow submitted A2005-0095 as a project meeting the model **Cattle Handling Facilities Program** guidelines.

Deputy Commissioner Farrow submitted A2005-0094 as project meeting the model **Dairy Diversification Program** guidelines.

Deputy Commissioner Farrow submitted A2005-0097 and A2005-0131 as projects meeting the model **Farm Livestock Fencing Improvement Program** guidelines.

Deputy Commissioner Farrow submitted projects A2005-0092, A2005-0112, A2005-0115, and A2005-0118 as projects meeting the model **Forage Improvement & Utilization Program** guidelines.

Deputy Commissioner Farrow submitted A2005-0126 as a project meeting the model **Goat Diversification Program** guidelines.

Deputy Commissioner Farrow submitted projects A2005-0120 and A2005-0098 as projects meeting the model **Hay, Straw & Commodity Storage Program** guidelines.

Mr. Lawson moved that said applications be approved for the named model programs; Mr. Case seconded the motion. The motion passed without dissent.

## Review of Amendments

Mr. Rogers presented the following amendments for approval.

**A2005-0031, Nicholas County Fiscal Court**, was approved for \$24,499.00 on February 18, 2005. The applicant requests an additional \$9,290.00 for the Genetics

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<sup>1</sup> A detailed list of the referred projects is attached as Appendix A.

<sup>2</sup> A detailed list of projects funded under each model program category is attached as Appendix B.

Improvement Program in Nicholas County. The request received a High priority from the Nicholas County Council. The term of the program shall remain 12 months from the execution date of the original agreement. Approval of this request would bring the program total to \$33,789.00.

**A2004-0535, Nicholas County Fiscal Court**, was approved for \$99,840.00 on January 21, 2005. The applicant requests a decrease in project funds of \$5,500.00 for the Cattle Handling Program in Nicholas County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$94,340.00.

**A2004-0534, Nicholas County Fiscal Court**, was approved for \$19,000.00 on January 21, 2005. The applicant requests a decrease in project funds of \$3,790.00 for the Forage Improvement and Utilization Program in Nicholas County. These funds are to be reallocated to the county account. Approval of this request would bring the program total to \$15,210.00.

**A2002-0389, Grant County Agriculture Diversification Council**, was approved for \$102,195 on September 17, 2004. The applicant requests an additional \$24,586.61 for the Agricultural Diversification Program in Grant County. The request received a High priority from the Grant County Council. This request is to clean up a transfer done at the local level. Approval of this request would bring the program total to \$126,782.22.

**A2002-0403, Grant County Agriculture Diversification Council**, was approved for \$91,270.00 on November 19, 2004. The applicant requests a decrease in project funds of \$16,501.25 for the Cattle Handling Facilities Program in Grant County. These funds were transferred to the county account for the Agricultural Diversification Program. Approval of this request would bring the program total to \$74,778.58.

**A2002-0402, Grant County Agriculture Diversification Council**, was approved for \$22,077.38 on July 19, 2002. The applicant requests a decrease in project funds of \$8,085.36 for the Goat Diversification Program in Grant County. These funds were transferred to the county account for the Agricultural Diversification Program. Approval of this request would bring the program total to \$13,992.02.

Mr. Case moved that said amendments be approved; Mr. Dick seconded the motion. The motion passed without dissent.

**A2003-0350, The Kentucky Department of Agriculture**, is requesting an extension of this grant to coincide with the hiring of the full time agri-tourism coordinator, Kelly Ludwig and that the study required by the grant focuses strictly on marketing the agri-tourism industry. Staff recommends that both requests be approved.

Mr. Griffin moved that amendment of project A2003-0350 be approved. Mr. Goodin seconded the motion. The motion passed without dissent.

**University of Kentucky College of Agriculture**, This request would add a species to the list and not just a variety. The College of Agriculture is requesting to add endophyte

free tall Fescue and novel endophyte tall fescue to the forage list. Staff recommendation is to add this species to the approved forage list.

Mr. Griffin moved that amendment of this project be approved. Mr. Case seconded the motion. The motion passed without dissent.

## Projects

### *Recommendations for Funding*

Nick Whobrey presented **A2005-0076, Wooden Impressions**. The application received a high priority from Fleming County. The applicant requested \$2,000 from Mason County, \$1,000 from Fleming County, \$1,000 from Robertson County, \$1,000 from Bracken County, and \$1,000 from Lewis County. The applicant requested \$352,440 in state funds. Wooden Impressions will be using the money to build a manufacturing building and new equipment.

The goal of this project is to build more demand for Red Cedar Lumber and to try to keep the market in balance with the tobacco buyout. We anticipate a large increase in cedar log production as in 1997-1998. When tobacco quotas are cut with limited end users, lumber markets are sure to be saturated.

This is a multi county project; the counties that the applicant buys their logs off of are Mason, Fleming, Bath, Bourbon, Lewis, Nicholas, Harrison, and Bracken. They also buy a few logs out of Pendleton, Kenton, Campbell, and Clark. These counties have increased since January 2005.

Mr. Rogers explained that in the memo that was sent with the Board book staff defines tobacco dependencies.

Ms. Amburgey asked who owned Wooden Impressions.

Mr. Furnish explained that Northern Kentucky Cedar has been in business for a long time. Wooden Impressions would be a separate entity which could use the by-products from Northern Kentucky Cedar.

Mr. Furnish introduced Dan Reeder, owner of Wooden Impressions.

Ms. Amburgey asked how long they have been in business. Mr. Reeder replied fifteen years.

Mr. Dick asked how many employees they had. Mr. Reeder replied twenty-five.

Mr. Dick asked if Wooden Impressions has gone to their local industrial authority for funding. Mr. Reeder replied no.

Mr. Whobrey showed some of the products that Wooden Impressions produces such as, bat houses and shoe racks.

Mr. Furnish explained that this project is located in one of the top ten most tobacco dependent counties.

Mr. Cleaver stated that Wooden Impressions included a price list, for what price Northern Kentucky Cedar pays for logs, in their memo and asked how long this price, including the bonus, has been paid. Mr. Reeder responded that the bonus was paid only during the months that there was a shortage in logs, which was January, February and March.

Mr. Rogers explained that you take the time to establish the base price of logs and then he has to pay a premium above the base price.

Mr. Cleaver asked how the Board knows that the bonus is going to be given to the tobacco farmer.

Mr. Rogers explained that his forgiveness will be on the amount he pays tobacco producers.

Mr. Dick asked how many counties committed money to this project. Mr. Whobrey responded five.

Mr. Dick asked why Wooden Impression did not go to economic development first for funding. Mr. Reeder responded that these issues have been discussed, but since most of the product comes from tobacco dependent farmers, we did not believe that was the way to go.

Mr. Griffin moved that **A2005-0076 be approved for \$1,000 in Fleming County funds, \$1,000 in Robertson County funds, \$1,000 in Lewis County funds, and \$352,440 in state funds.** Dr. Henning seconded the motion. Mr. Case abstained from the vote. The motion passed without dissent.

### ***Recommendations for No Funding***

Bill McCloskey presented **A2003-0568, Farmer Assistance-Metcalfe County Enrichment Center.** The applicant requested \$7,500 in Metcalfe County funds and \$992,500 in state funds for training, education, adult and child services for farmers and community members to prepare them for new agricultural enterprises and public positions that benefit agriculture and the community. Mr. Dick moved that no funds be awarded to A20033-0568 based on a duplication of services offered at Western Kentucky University and the Blue Grass Technical College. Mr. Barlow seconded the motion. The motion passed without dissent.

Stephen Yates presented **A2003-0568, Candle Bee Farm, LLC.** The applicant requested \$1,000 in Jefferson County funds and \$34,000 in state funds to purchase equipment to keep up with consumer demand, make process improvements and enable utilization of raw, Kentucky waxes, honey and horticultural cuttings from beginning to end product. Such equipment includes wax melters, filters, large double boilers, hot plates, roll press and beekeeping equipment. Nine existing farm families have and will continue to benefit from this project. Mr. Cleaver moved that

no funds be awarded to A2003-0568 based on the applicant having limited benefit to other farmers. Ms. Amburgey seconded the motion. The motion passed without dissent.

Mr. McCloskey presented **A2005-0025, Turning Point Vineyards, LLC**. The applicant requested \$36,806 in Nelson County funds to purchase additional equipment, storage tanks and materials to convert a 1,600 square foot barn into a grape processing, wine production and storage facility. The applicant owns about 100 acres with seven acres of vineyard in the Chaplin area which is the only dry precinct in Nelson County. Mr. Cleaver moved that no funds be awarded to A2005-0025 based on the applicant having no tobacco dependency, no benefits to tobacco dependent producers, lack of matching funds and no multi county benefit to tobacco dependent producers which is required to receive state funding. Mr. Dick seconded the motion. The motion passed without dissent.

Mr. Yates presented **A2005-0026, Kentucky Aquaculture Association, Inc.** The applicant requested \$2,000,000 in state funds to administer a 50-50 cost share program for aquaculture pond construction. Mr. Cleaver moved that no funds be awarded to A2005-0026 based on the fact that funding is available through the agricultural diversification program. Mr. Case seconded the motion. The motion passed without dissent.

## Closing Remarks

The next meeting of the Kentucky Agricultural Development Board will convene at 10:00 A.M. EDT on Friday, May 20, 2005 at the Franklin County Extension Office. Note time and location of meeting subject to change; ample notification will be given if such a change occurs.

Mr. Case moved to adjourn. Mr. Lawson seconded the motion. The motion passed without dissent.

The meeting adjourned at 3:00 P.M. EDT.

**APPROVED:** \_\_\_\_\_

**PRESIDING OFFICER:** \_\_\_\_\_

**SECRETARY:** \_\_\_\_\_

## New Applications for Referral

<i><b>Appl #</b></i>	<i><b>Project Name</b></i>	<i><b>Project Type</b></i>
A2005-0100	Daniel Boone Lumber Industries, Inc.	Project
A2005-0101	Lincoln County Goat & Sheep Producers, Inc.	Goat Diversification
A2005-0102	Lincoln County Livestock Improvement Cooperative Association Incorporated	Dairy Diversification
A2005-0103	Lincoln County Livestock Improvement Cooperative Association Incorporated	Cattle Genetics Improvement
A2005-0104	Lincoln County Livestock Improvement Cooperative Association Incorporated	Forage Improvement & Utilization
A2005-0105	Lincoln County Livestock Improvement Cooperative Association Incorporated	Cattle Handling Facilities
A2005-0106	Lincoln County Livestock Improvement Cooperative Association Incorporated	Hay, Straw, & Commodity Storage
A2005-0107	Lincoln County Farm Bureau of Lincoln County, Kentucky	Forage Improvement & Utilization
A2005-0108	Central Kentucky Angus Sales, Inc.	Project
A2005-0109	Caldwell-Lyon Cattlemen's Association, Inc.	Hay, Straw, & Commodity Storage
A2005-0110	Christian County Agri-Business Association	Project
A2005-0111	Edmonson County Chamber of Commerce, Inc.	Agricultural Diversification
A2005-0112	Edmonson County Conservation District	Forage Improvement & Utilization
A2005-0113	Garrard County Farm Bureau, Inc.	Agricultural Diversification
A2005-0114	Garrard County Farm Bureau, Inc.	Cattle Handling Facilities
A2005-0115	Garrard County Farm Bureau, Inc.	Forage Improvement & Utilization
A2005-0116	Garrard County Farm Bureau, Inc.	Hay, Straw, & Commodity Storage
A2005-0117	Garrard County Farm Bureau, Inc.	Farm Livestock Fencing Improvement
A2005-0118	Garrard County Conservation District	Forage Improvement & Utilization
A2005-0119	Caldwell County Conservation District	Project
A2005-0120	Greenup County Farm Bureau of Greenup County, Kentucky	Hay, Straw, & Commodity Storage

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<i><b>Appl #</b></i>	<i><b>Project Name</b></i>	<i><b>Project Type</b></i>
A2005-0121	Caldwell County Farm Bureau	Farm Livestock Fencing Improvement
A2005-0122	Caldwell-Lyon Cattlemen's Association Inc.	Cattle Genetics Improvement
A2005-0123	Christian County Agribusiness Association	Agricultural Diversification
A2005-0124	Jessamine County Vineyard Association, Inc	Agricultural Diversification
A2005-0125	SKAC, Inc.	Project
A2005-0126	Western Kentucky Goat Association, Inc.	Goat Diversification
A2005-0127	Kenton County Conservation District	Agricultural Diversification
A2005-0128	Northern Kentucky Cattle Association, Inc.	Forage Improvement & Utilization
A2005-0129	Northern Kentucky Cattle Association, Inc.	Cattle Genetics Improvement
A2005-0130	Northern Kentucky Cattle Association, Inc.	Cattle Handling Facilities
A2005-0131	Menifee County Beef Producers, Inc.	Farm Livestock Fencing Improvement
A2005-0132	Knotwood Craftsmen Investments Corporation, Inc.	Project
A2005-0133	Beef Improvement Council, Inc.	Cattle Genetics Improvement
A2005-0134	Valentine's Gourmet Ice Cream LLC	Project
A2005-0135	Ohio County Cattlemen's Association, Inc.	Cattle Genetics Improvement
A2005-0136	Jackson County Cattlemen's Association Incorporated	Project
A2005-0137	Jackson County Cattlemen's Association Incorporated	Project
A2005-0138	Mountain Cattlemen's Association	Project
A2005-0139	Dairy Herd Improvement Incorporated	Cattle Genetics Improvement
A2005-0140	Lawrence County Farmers' Market Association, Inc.	Shared-use Equipment
A2005-0141	Ballard County Conservation District	Project

## APPENDIX B: Model Program Lists

**Agricultural Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0111	Edmonson County Chamber of Commerce	Edmonson	\$1,771.00
A2005-0113	Garrard County Farm Bureau, Inc.	Garrard	\$34,650.00
A2005-0124	Jessamine County Vineyard Association, I	Jessamine	\$15,000.00
A2005-0127	Kenton County Conservation District	Kenton	\$38,000.00
			<u>\$89,421.00</u>

**Cattle Genetics Improvement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0133	Beef Improvement Council, Inc.	Breckinridge	\$42,000.00
A2005-0099	SKAD/Clinton-Cumberland Cattlemen's A	Clinton	\$12,265.00
A2005-0096	Jessamine County Beef Cattle Associatio	Jessamine	\$25,000.00
A2005-0129	Northern Kentucky Cattle Association, In	Kenton	\$20,400.00
A2005-0135	Ohio County Cattlemen's Association, Inc	Ohio	\$15,000.00
			<u>\$114,665.00</u>

**Cattle Handling Facilities**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0095	Jessamine County Beef Cattle Associatio	Jessamine	\$10,000.00
			<u>\$10,000.00</u>

**Dairy Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0094	Jessamine County Beef Cattle Associatio	Jessamine	\$10,000.00
			<u>\$10,000.00</u>

**Farm Livestock Fencing Improvement**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0097	Jessamine County Beef Cattle Associatio	Jessamine	\$55,000.00
A2005-0131	Menifee County Beef Producers, Inc.	Menifee	\$57,000.00
			<u>\$112,000.00</u>

**Forage Improvement & Utilization**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0092	Casey County Conservation District	Casey	\$45,225.00
A2005-0112	Edmonson County Conservation District	Edmonson	\$9,294.00
A2005-0115	Garrard County Farm Bureau, Inc.	Garrard	\$78,750.00
A2005-0118	Garrard County Conservation District	Garrard	\$21,000.00
			<u>\$154,269.00</u>

**Goat Diversification**

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0126	Western Kentucky Goat Association, Inc.	Crittenden	\$3,482.60
			<u>\$3,482.60</u>



APPENDIX B: Model Program Lists

Hay, Straw, & Commodity Storage

<u>Application</u>	<u>Program Administrator</u>	<u>County</u>	<u>Funds Requested</u>
A2005-0120	Greenup County Farm Bureau of Greenup	Greenup	\$131,250.00
A2005-0098	Jessamine County Beef Cattle Associatio	Jessamine	\$30,000.00
			<hr/> \$161,250.00